

Surabaya, 25 October, 2019

Dear Mr./Ms. Lijie Huang and Deddy Marciano

Congratulations! Your paper entitled **“Interdependence Relationship Internationalization-Performance in Manufacturing Firms Listed in Indonesia Stock Exchange and Chinese Stock Exchanges”** has been accepted for presentation in our International Annual Symposium Management (INSYMA) UBAYA on 19-21 February 2020 at Vung Tao City, Vietnam. All submitted papers for this conference have been reviewed by several experts in the field. The due date for payment is on **November 8th, 2019**. (please ignored if you have submitted your payment before)

If there is anything we can do to assist you in your preparations for this conference, please do not hesitate to contact us.

We look forward to seeing you at the conference.

Sincerely,

Adi Prasetyo Tedjakusuma, B.Bus., M.Com  
Chairman of the 17<sup>th</sup> INSYMA

# Interdependence Relationship Internationalization-Performance in Manufacturing Firms Listed in Indonesia Stock Exchange and Chinese Stock Exchanges

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**ABSTRACT:** The purpose of this paper is to investigate the interrelationship between performance and internationalization of Indonesian and Chinese manufacturing firms. This paper uses a sample of 88 Indonesian firms and 989 Chinese firms from Indonesia stock exchange, Shanghai stock exchange and Shenzhen stock exchange for the period 2014 to 2018, and applies the methods of panel least squares regression to examine the relationships. The results show that the firm's internationalization degree has inverted S-shaped relationship on firm's performance in Indonesia firms and has U-shaped relationship in Chinese firms. The firm's overseas expansion speed has N-shaped relationship on firm's performance both in Indonesia firms and Chinese firms. In turn, the firm's performance has S-shaped on firm's internationalization degree in Indonesia firms and has inverted U-shaped in Chinese firms. The firm's performance doesn't have a significant relationship on firm's internationalization overseas expansion speed in Indonesia firms and Chinese firms.

## 1 INTRODUCTION

Regarding the relationship between internationalization and the firm's performance, there is still no consistent conclusion. According to the existing research, there are mainly three types of relationships between internationalization and performance, namely linear relationship (positive linear, negative linear), quadratic relationship (U-shaped, inverted U-shaped), and cubic relationship (S-shaped). Some scholars even believe that there is no relationship between the performance of the firm and internationalization. In previous studies, the data used came from different countries, different industries, different periods, and even different variables made the results varied.

So far, the research on the relationship between internationalization and performance in the existing literature is generally one-way, that is, only the impact of internationalization on performance, and the impact of performance on internationalization is rarely conducted.

The population of China and Indonesia ranks first and fourth respectively in the world population rankings, with a vast consumer market and labor market. According to the 2019 World Investment Report, China and Indonesia ranked second and 18th

respectively in attracting foreign investment in 2018. As the countries with a strong attraction for world capital, the relationship between internationalization and performance in these two countries is worth studying.

Therefore, this paper will use the same variables to study the two-way relationship between the internationalization and performance of China and Indonesia's manufacturing industry in 2014-2018.

The objectives of this study are to answer the following question: (1) Does the degree of internationalization have an impact on the performance of Indonesia/Chinese firms? (2) Does the speed of international expansion have an impact on the performance of Indonesia/Chinese firms? (3) Does the performance have an impact on the degree of internationalization of Indonesia/Chinese firms? (4) Does the performance have an impact on the speed of international expansion of Indonesia/Chinese firms?

## 2 LITERATURE REVIEW AND HYPOTHESES

### 2.1 Literature Review

In previous empirical studies, there were different conclusions about the relationship between